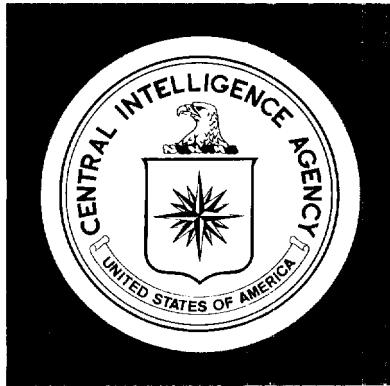


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[Redacted]

\*CHINA-UN: At the special session of the General Assembly next week, Peking will be represented by Vice Premier and Politburo member Teng Hsiao-ping--the highest ranking official to head a Chinese delegation to the UN. Teng's deputy will be Vice Foreign Minister Chiao Kuan-hua, a Central Committee member and a veteran of UN meetings.

The rank of the delegation indicates the considerable importance Peking attaches to the General Assembly meeting, which will deal with raw materials and development. Since his return from political disgrace a year ago, Teng has relieved Premier Chou En-lai of some of the burdensome duties in the foreign policy field. Teng and Chou probably are allies in the current domestic political struggle, and the line Teng adopts at the UN will reflect instructions by Chou.

Because domestic pressure from the left has led Chou recently to take a somewhat stiffer line on some foreign policy matters, it is possible that the Chinese at the UN may be more critical of the international activities of US business than they have been in the recent past. The Chinese probably will defend the pricing policies of Arab oil-producing countries and seek to place the blame for high oil prices on the "exploitative" character of the capitalist system and on manipulations by the large oil companies.

The UN session affords Peking an opportunity to champion efforts by developing countries to control their raw materials. The Chinese almost certainly will use the session again to criticize the US and USSR for "plundering" the economic resources of these countries.

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Beneath the rhetoric, however, the Chinese seem to appreciate the complexity of the international oil problem. They are concerned about its potential for splitting the Third World and disrupting economies in Western Europe and Japan.

In addition to their activities at the UN special session, Peking may anticipate that its high-level delegates will have an opportunity to discuss a range of issues, including Taiwan, with US officials.

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\*Because of the shortage of time for preparation of this item, the analytic interpretation presented here has been produced by the Central Intelligence Agency without the participation of the Bureau of Intelligence and Research, Department of State.

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LAOS: Lao Communist leader Prince Souphanouvong is on his way to Vientiane to conclude negotiations on a new coalition government.

A delegation of senior Lao Communist officials headed by Souphanouvong left Sam Neua by motorcade on March 31 for Hanoi, and will probably go on to Vientiane by air. Soth Phetrasy--the permanent Pathet Lao representative in Vientiane--told a journalist yesterday that the delegation was to be joined in Hanoi on April 1 by Pathet Lao members of the new coalition cabinet and its advisory political council, and that the entire contingent will leave Hanoi for Vientiane tomorrow.

Soth added that he expected Souphanouvong and Prime Minister Souvanna Phouma, accompanied by all of the coalition government nominees, to proceed to the royal capital of Luang Prabang on Thursday. Meanwhile, a senior Lao Government official has informed the US ambassador that Souvanna plans to present the new coalition to the King for investiture on Friday.

These developments indicate that private discussions over the past week or so in Vientiane between Souphanouvong's personal emissary, Phoumi Vongvichit, and Souvanna have been highly successful. Indeed, Phoumi told the press yesterday that "there are now no obstacles to formation of the coalition government."

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CAMBODIA: The make-up of the "executive council" being established by Lon Nol suggests that it may perform better than the High Political Council, which it is replacing.

In addition to the President, the new ruling body will consist of Republican Party chief Sirik Matak, Prime Minister Long Boret, and Cambodian Army chief General Fernandez. The inclusion of the last two allows the principal executors of government policy to participate more effectively in its formulation.

The council's chances for success will hinge in large part on the ability of Lon Nol and Sirik Matak to work more closely under the new arrangement. The uneasy relations between the two were recently complicated by rumors that Matak was plotting to oust Lon Nol.

In an apparent bid to signal his confidence in Matak, Lon Nol is naming him as his "high assistant." One of his functions will be to draw up the agenda for the council's weekly meetings. Although Matak is likely to be pleased at the prospect of being given more responsibility, he is certain to remain sensitive to continued efforts by Lon Nol to impose his will on the council.

There has been little significant reaction in Phnom Penh to the passing of the High Political Council, which in the past few months had degenerated into a do-nothing organ. Lon Nol's and Matak's increasing distrust of the other council member, former chief of state Cheng Heng, hastened its demise. The two leaders apparently believed that Heng was associated with the provocative peace proposals surfaced by former prime minister Son Sann in January.

Long Boret, meanwhile, is taking a relaxed approach to the threat by three of Cheng Heng's supporters in the cabinet to resign in protest over Heng's exclusion from the new council. The Prime Minister has already indicated that he will not be hard pressed to replace the disgruntled ministers with more effective men, and he has excluded the possibility that their departure would lead to other cabinet resignations.

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